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June 25, 2002

The Honorable J. Dennis Hastert
Speaker
House of Representatives
Washington, DC 20515

Dear Speaker Hastert:

We thought you would be interested in the attached letter we recently sent to Lindy Paull, staff director of the Joint Committee on Taxation (JCT). In this letter, we state our vigorous opposition to JCT changing its current methodology for estimating the cost of tax legislation and urge her to immediately suspend any efforts to incorporate "dynamic" macroeconomic feedback into the committee's estimates until this departure from longstanding practice receives the bipartisan, bicameral scrutiny it deserves.

The most important action Congress can take to promote economic growth is to enact the proper fiscal policies. In order to chart the proper fiscal path, Congress must have the benefit of the most accurate and objective cost estimates. In providing these estimates, JCT already incorporates many "dynamic" effects on individual taxpayers' behavior. However, going further to incorporate dynamic macroeconomic effects would be a major change in favor of a methodological approach for which there is clearly no consensus among mainstream economists. Advocating such an approach appears to be designed only to advance a political agenda that would further undermine fiscal responsibility.

It should come as no surprise to you that we have long held the view that having JCT include the macroeconomic affects into its cost estimates would subject the committee's work to huge potential errors and would only serve to undermine its credibility. Our concerns about the validity of dynamic scoring are shared by the current director of the Congressional Budget Office, as evidenced by his recent testimony before the House Rules Committee, as well as all previous CBO directors and most mainstream economists.

You should know that if House Republicans persist in their efforts to pressure the Joint Committee on Taxation, we and many of my colleagues in the Senate will do everything in our power to ensure that such a controversial and counterproductive change receives the level of scrutiny and debate it deserves.

The Honorable J. Dennis Hastert
June 25, 2002
Page two

We are confident that if this proposal is examined objectively and free from political pressure, the Joint Committee on Taxation will ultimately decide its existing methodology best serves the interests of the Congress and the American people.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Daschle". The signature is fluid and cursive, with a large loop at the beginning.

Tom Daschle
Majority Leader

A handwritten signature in black ink, appearing to read "Kent Conrad". The signature is more angular and less cursive than the one to its left.

Kent Conrad
Chairman, Senate Budget
Committee

Enclosure